



VERIFIED: Refundable tax credits are longstanding conservative policy goals

March 10, 2017|Speaker Ryan Press Office

Refundable tax credits. They are an important component of the *American Health Care Act* (AHCA), designed to give people who don't receive health care at work the same tax benefit as those who do. The goal is to equalize the tax treatment of health care regardless of where you buy it and help create a vibrant individual market.

Some people have been posing the question, where did this policy come from?

VERIFIED: These credits have long been part of the conservative health care reform ideal, supported by arch-conservatives in Congress as well as right-leaning think tanks going back for decades.

VERIFIED: Refundable tax credits encompass fundamental conservative principles: they utilize the free market and empower individuals. Of course they all differed slightly in their details, but the idea in all is the same: provide resources to people on the individual market to help them purchase coverage and spur market forces.

VERIFIED: These policy proposals aren't abstract. Let's take a look at a few examples of concrete proposals that include a refundable tax credit to purchase health coverage:

The Patient Choice, Affordability, and Responsibility, and Empowerment Act – This Obamacare replacement plan includes an "age-adjusted, advanceable, refundable tax credit to buy health coverage," just like the AHCA. It was authored by, among others, former Senator Tom Coburn (R-OK), a legendary conservative and physician.

The Empowering Patients First Act – This plan introduced over numerous Congresses by current HHS Secretary Tom Price was [very popular with House conservatives](#). Last year, it had 84 co-sponsors in the House.

The Health Care Freedom Act of 2009 – The [very first section of this bill](#) provides for a "refundable tax credit for health insurance coverage." It was introduced by former Senator Jim Demint (R-SC), famed conservative and current president of the Heritage Foundation.

The American Enterprise Institute (AEI) has also supported the policy. Here in a 2012 paper, an AEI scholar [writes](#): "the reform approach advocated here would address this issue by providing anyone without a large employer health plan with a refundable tax credit that could be used only to secure health insurance coverage." More recently, in 2016, AEI [wrote](#): "A critical component of a replacement plan will need to be a refundable tax credit for health insurance for those households without access to employer-provided coverage."

The Heritage Foundation has a very long record of supporting a refundable tax credit. Its website is packed with articles from its scholars proposing a tax credit similar to the one in the AHCA. In 2000, one scholar [wrote](#): "Refundable tax credits represent the best way to address the problem of uninsurance." The article insists on three criteria that are all explicitly in the AHCA. For just a few other examples, Heritage argued for the idea [here in 2005](#), [here in 2007](#), and [here in 2010](#).

The 2017 Project was an effort spearheaded by conservative Bill Kristol. The plan it released last year [says](#), "Ending the unfairness in the tax code by offering a refundable tax credit for the purchase of insurance through the individual market is the core element of a well-conceived alternative."

And of course, there are other plans out there that, while approaching the issue in a different way, include tax credits for health care costs. The [plan](#) recently introduced by Senator Rand Paul (R-KY) for example, "Provides individuals the option of a tax credit of up to \$5,000 per taxpayer for contributions to an HSA."